

SOUTH BEND REDEVELOPMENT COMMISSION SPECIAL MEETING

October 9, 2007

9:15 a.m.

Presiding: Marcia I. Jones, President

227 West Jefferson Boulevard
South Bend, Indiana

1. ROLL CALL

Members Present:

Ms. Marcia Jones, President
Mr. Karl King, Vice President
Mr. Greg Downes, Secretary
Mr. Hardie Blake, Jr.
Mr. Ken Peczkowski

Legal Counsel:

Mr. Charles S. Leone, Esq.

Redevelopment Staff:

Mr. Don Inks, Director
Mrs. Cheryl Phipps, Recording Secretary
Mr. Bill Schalliol, Economic Development Specialist

Others Present:

Mr. Jeff Gibney, Executive Director
Mr. Tom Price, Mayor's Office
Mr. Richard Hill, Baker & Daniels
Mr. Dave Compton, Kite Development
Mr. Greg Hakanen, Notre Dame University
Ms. Jamie Loo, South Bend Tribune
Ms. Rita Kopala

2. NEW BUSINESS

Mr. Inks asked permission to move Item 2.B.(1) to the top of New Business. There was no objection and the item was so moved.

B. Northeast Neighborhood Development Area

- (1) Commission approval requested for Resolution No. 2387 approving a proposed lease between the South Bend Redevelopment Authority, as Lessor, and the Redevelopment Commission, as Lessee, for certain land and public improvements, approving preliminary plans, specifications and cost estimates, setting a public hearing on the proposed Lease pursuant to IC 36-7-14-25.2, and**

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued

**authorizing publication of Notice of the
Public Hearing.**

Mr. Inks noted that the public hearing on this lease is to be held 10:00 a.m., November 2, 2007.

Mr. Inks gave a description of the Eddy Street Commons Project. The project is proposed to be a mixed use development encompassing 23 acres located in South Bend, Indiana, adjacent to the University of Notre Dame campus. This mixed use development is proposed to include the following: 90,000 square feet of retail shops, 268 apartment homes, 75,000 square feet of office, one full service hotel with conference facilities and three floors of condominiums on top, one limited service hotel, 189 condominium homes in four different product types in addition to those on the top three floors of the full service hotel, open space and a 1281-space parking structure.

The development's close location to downtown South Bend, in addition to being adjacent to the University of Notre Dame, will enhance both downtown South Bend by bringing area residents closer to the downtown area while enhancing campus opportunities for all residents and students who live within walking distance to the development. In addition, this proposed \$213 million development will create 779 jobs during construction and 432 full time jobs upon completion. Over a ten year

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued

period after completion, the total economic impact is estimated to be over \$500 million, creating over 1,100 new jobs with projected household earnings of over \$88 million.

Proposed tax increment financing proceeds are to be used to support the development of infrastructure, including a 1281-space parking structure that will serve multiple aspects of the proposed development. In addition, Eddy, Burns, Georgiana, Duey and Napoleon Streets will be either reconstructed or extended as part of the development. Specifically, Napoleon Street will be extended from Eddy St. east to SR 23. The proposed uses of these funds also include the upgrading and replacement of water mains, sanitary and storm sewers as well as site preparation and the extension and upgrading of electrical, telephone and high speed Internet services to serve this development. A portion of the proceeds will also be used for engineering, geotechnical, testing and other services related to the project.

Mr. Inks presented the anticipated developer costs for the project:

Mixed use buildings A, B, C	\$43,677,938
Hotel Full Service w/Condos	70,075,020
Limited Service Hotel	12,788,000
Parking Garage	22,272,000
Garage Wrap Condos (49)	8,085,000
Stacked Flats (60)	10,200,000
City homes (63)	15,000,000
Courtyard Townhomes (20)	6,000,000

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued

Paving/Asphalt	369,464
Land	3,151,130
Triangle residential sgl fam (62)	15,000,000
Total	\$206,618,552

Mr. Inks then summarized the Sources and Uses of funds for the project. The uses of \$30,000,000 in bond funds will be \$22,272,000 for the parking structure; \$3,153,000 for the street improvements listed above; and \$4,575,000 for other site improvements.

Mr. Inks distributed plans and specifications for the project. He noted that they are accurate now, but noted that it is common for them to continue to change until construction actually begins.

Mr. Hill discussed the financing structure and explained Resolution No. 2387 and its associated Lease. Resolution No. 2387 initiates a process related to a lease purchase financing. One key component is the public hearing the Commission will authorize concerning the Lease. After holding the public hearing and the Commission's approval of the form of Lease, the Common Council must also approve the Lease, so the Commission will authorize staff to submit an ordinance to the Common Council. Also, following the Commission's approval of the Lease, the Commission would file a petition for approval of the lease purchase with the Department of Local Government Finance.

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued

We hope to get on their December agenda.

Mr. Hill noted that Resolution No. 2387 acknowledges the previously designated Northeast Neighborhood Development Area, acknowledges modification of the development area to add a Housing Program which permits collecting tax increment on new residential units, and acknowledges the existence of a Redevelopment Authority to sell the lease rental bonds in the amount of \$36,000,000 for a maximum term of twenty-five years. One other thing Resolution No. 2387 does is determine that the financing is not a controlled project. That is very important. If it were a controlled project, that would mean the Commission anticipated using property tax revenues to make lease payments to be devoted to principle and interest payments. This is not a controlled project because the Commission does not anticipate using property taxes to make the lease payments.

There has been a lot of work done to calculate the tax increment that would be produced by the improvements. Agreement has been reached on what the level of assessment would be and what the tax increment would be, both from residential property and commercial property. Because no property tax levy is anticipated, this is not subject to a petition or remonstrance.

Mr. Hill explained that the Lease provides for a maximum semi-annual lease rental

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued

amount of \$1,858,500. There s a good probability that the actual lease rental could be lower than that, but as we go into the public process, we cannot increase that amount. It can be reduced and is likely to be substantially less than the \$1,858,500. We won t know the exact interest rate until closer to the actual bond sale. Mr. Hill noted that the form of Lease is the form the Commission and Redevelopment Authority have used for other lease purchase financing.

Mr. Hill noted that if the public hearing is held on November 2, counsel would anticipate filing an ordinance with the Common Council on November 7 and by no later than November 13 filing the petition with the Department of Local Government Finance (DLGF) and going before the DLGF on December 13. This schedule would enable a closing on the financing in late February 2008. That timetable is consistent with the city s infrastructure needs and the developer s schedule for beginning construction.

Mr. Hill noted that all of the details of what the city and Kite will be constructing will be brought before the Commission in a development agreement, the terms of which are being worked out now.

Mr. Peczkowski questioned point two in the resolution which says we expect to make the lease payments from funds other than property taxes, that are exempt, such other

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued

funds being tax increment and other revenues. He asked what the anticipated other revenues are if the tax increment revenues are not sufficient. Mr. Hill responded that no other revenue has been designated, but the city would have the latitude to devote other revenues such as COIT or EDIT funds to make payments.

Mr. Peczkowski questioned Mr. Hill's statement that there were some agreements that were made as to the potential assessments? Mr. Hill responded that there has been work conducted by both the city and the developer to try to get as accurate as possible a handle on how the improvements will be assessed. That's correct.

Mr. Peczkowski asked if we can really negotiate how much property will be assessed. Mr. Hill apologized. It's not a negotiation, but it is not unusual at all for a developer and a community to go to the Assessor and show the specifications of what will be built and ask what the Assessor believes the assessment will be. There is, however, statutory provision to allow agreements about what the assessments will be. A developer and a taxing unit can agree on a particular assessment. That has not been done here.

Mr. Peczkowski asked if that is typical for large projects such as this? Mr. Hill responded that it is.

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued

Mr. Peczkowski asked about the term lease rental, stipulating that the Redevelopment Authority is the Lessor and the Commission is the Lessee. Mr. Hill agreed. The Redevelopment Authority issues the bonds. The Authority exist as a building corporation for the Redevelopment Commission. That is its sole statutory purpose. It will be the issuer of the bonds. The Commission will collect the tax increment and make lease payments to the Authority which will make the principle and interest payments, through a trustee.

Mr. Peczkowski questioned the use of the term lease. It seems to be different than the standard use. Mr. Hill responded that the Commission will lease the improvements that will be constructed, such as the parking garage, the housing units and parking lots.

Mr. Peczkowski asked, then, if Kite is responsible for all the items not listed in the lease. Mr. Hill agreed that they are.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved Resolution No. 2387 approving a proposed Lease between the South Bend Redevelopment Authority, as Lessor, and the Redevelopment Commission, as Lessee, for certain land and public improvements, approving preliminary plans, specifications and cost estimates, setting a public hearing on the proposed Lease pursuant to IC 36-7-14-25.2, and authorizing

COMMISSION APPROVED RESOLUTION NO. 2387 APPROVING A PROPOSED LEASE BETWEEN THE SOUTH BEND REDEVELOPMENT AUTHORITY, AS LESSOR, AND THE REDEVELOPMENT COMMISSION, AS LESSEE, FOR CERTAIN LAND AND PUBLIC IMPROVEMENTS, APPROVING PRELIMINARY PLANS, SPECIFICATIONS AND COST ESTIMATES, SETTING A PUBLIC HEARING ON THE PROPOSED LEASE PURSUANT TO IC 36-7-14-25.2, AND AUTHORIZING PUBLICATION OF NOTICE OF THE PUBLIC HEARING AND SETTING THE PUBLIC HEARING FOR 10:00 A.M., NOVEMBER 2, 2007

2. NEW BUSINESS (CONT.)

B. Northeast Neighborhood Development Area

(1) continued

publication of Notice of the Public Hearing
and setting the Public Hearing for 10:00 a.m.,
November 2, 2007...

A. South Bend Central Development Area

**(1) Commission approval requested for
proposal for professional services in the
South Bend Central Development Area.
(Environmental services and demo specs
for Gates properties near 401 W. Western)**

Mr. Schalliol noted that staff received a
proposal from Wightman Petrie
Environmental Services to perform an
environmental investigation and preparation
of project documents for proposed
redevelopment activities at 401 West
Western Avenue. The proposal includes a
Phase 1 environmental report for all parcels
in the Gates Phase 1 area, an associated
asbestos inspection, testing and permitting,
and creation of pre-demolition specifications.
The cost for this scope of services is \$25,200.
Staff requests approval of a not-to-exceed
amount of \$25,500.

Mr. King made a motion to authorize the
request for proposal for professional services
and to accept the proposal from Wightman
Petrie Inc. for the scope of services and fee
proposed. Mr. Downes seconded the motion.
The motion passed on a vote of four to one,
with Mr. Peczkowski opposed.

COMMISSION AUTHORIZED THE REQUEST FOR
PROPOSAL FOR PROFESSIONAL SERVICES AND
ACCEPTED THE PROPOSAL FROM WIGHTMAN
PETRIE INC. FOR THE SCOPE OF SERVICES
PROPOSED AND NOT TO EXCEED FEE OF \$25,500

2. NEW BUSINESS (CONT.)

A. South Bend Central Development Area

(2) Commission approval requested for proposals for professional services in the South Bend Central Development Area. (Appraisals, 520 West Wayne)

Mr. Schalliol noted that staff received two proposals for appraising property at 520 West Wayne St. The property is an anchor property at the corner of Taylor and Wayne and is a key property in the redevelopment efforts within the Coveleski Neighborhood Plan area. The appraisals will be used to set the acquisition value for the residential structure and four adjacent lots. The proposal from Witt Appraisal Services was in the amount of \$1,400. The proposal from Christopher Michaels was in the amount of \$2,550. Two appraisals are needed for each property. Staff recommends accepting both proposals.

Mr. Downes made a motion to authorize the request for proposals for professional services and to accept the proposals from Witt Appraisal Services and Christopher Michaels for the scope of services and fee proposed. Mr. King seconded the motion. The motion passed on a vote of four to one, with Mr. Peczkowski opposed.

COMMISSION AUTHORIZED THE REQUEST FOR PROPOSALS FOR PROFESSIONAL SERVICES AND ACCEPTED THE PROPOSALS FROM WITT APPRAISAL SERVICES AND CHRISTOPHER MICHAELS FOR THE SCOPE OF SERVICES AND FEE PROPOSED

3. NEXT COMMISSION MEETING

The next meeting of the Redevelopment Commission is scheduled for Friday, October 19, 2007 at 10:00 a.m.

NEXT COMMISSION MEETING

South Bend Redevelopment Commission
Regular Meeting October 9, 2007

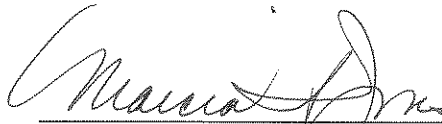
4. ADJOURNMENT

There being no further business to come before the Redevelopment Commission, Mr. King made a motion that the meeting be adjourned. Mr. Downes seconded the motion and the meeting was adjourned at 9:40 a.m.

ADJOURNMENT



Donald E. Inks, Director



Marcia I. Jones, President